DAFIS Hint of the month   January 1997

IRS 1099's - What are they? . . . . . Who gets them? . . . . . Inquiring minds want to know. The following is an excerpt from the DAFIS User Guide pertaining to IRS 1099 and the IRS 1099 File.

IRS 1099 File

The 1099 File exists to retain payment data for reporting to the Internal Revenue Service via Form 1099-MISC. The 1099-MISC is used to report the calendar year accumulation of payments equal to at least $600.00 for certain types of payments.

Types of payments to be reported are all types of rents and non-employee compensation for services. IRS defines non-employee compensation as payments which meet these conditions:
- Payment was made to someone who is *not* an employee of the payer's organization.
- Payment was made for services rendered.
- Payment was made to someone *other* than a corporation.

The 1099 File is assembled based upon information loaded on the T16 Table (1099 Vendor ID) and payment information from daily processing retained in the Schedule History File. Vendor records are flagged with one of the following:
- **E** - IRS Employer ID Number
- **S** - Social Security Number
- **F** - Individual/Firm has filed for an IRS Employee ID Number, but has not yet received one.
- **N** - No payment data sent to 1099 File.

The DAFIS 1099 process does not capture payment data for payments made to vendors with T16 1099 Vendor ID indicator **N**. If the T16 1099 Vendor ID is other than **N** payment data is captured daily and held in the 1099 File for calendar year reporting. If the user determines at a later date that a record was erroneously flagged with an **N** and should have been either an **E**, **S,** or **F**, all payment history up to that time must be researched and manually added to the 1099 File *(PF5).*